

4,
/ (b)

DEED

FOR EFFECTING THE UNION OF THE

GRAND TRUNK RAILWAY COMPANY
OF CANADA

AND THE

GREAT WESTERN RAILWAY COMPANY
OF CANADA.

Dated 25th May, 1882.

LONDON:
WATERLOW & SONS LIMITED, PRINTERS, LONDON WALL.
1882.

4
1
2
t
C
H
h
s
R

DEED

FOR EFFECTING THE UNION OF THE

GRAND TRUNK RAILWAY COMPANY OF CANADA

AND THE

GREAT WESTERN RAILWAY COMPANY OF CANADA.

This Deed made the 25th day of May 1882 BETWEEN THE GRAND TRUNK RAILWAY COMPANY OF CANADA in this Agreement called "The Trunk Company" of the one part and THE GREAT WESTERN RAILWAY COMPANY (of Canada) in this Agreement called "The Western Company" of the other part.

WHEREAS the Capital of the Trunk Company at the date of these presents hereinafter called Grand Trunk Capital consists of the sums mentioned in the First Schedule hereto in which Part I. shows the amount of Borrowed Capital hereinafter called Grand Trunk Borrowed Capital and Part II. shows the amount of Stock or Share Capital including both Preference and Ordinary Stock and Share Capital which Preference and Ordinary Stock and Share Capital is hereinafter called Grand Trunk Share Capital. AND WHEREAS the Capital of the Western Company at the date of these presents hereinafter called Great Western Capital consists of the sums mentioned in the Second Schedule hereto in which Part I. shows the amount of Borrowed Capital hereinafter called Great Western Borrowed Capital and Part II. shows the amount of Stock and Share Capital including both Preference and Ordinary Stock and Share Capital which last men-

tioned Preference and Ordinary Stock and Share Capital is hereinafter called Great Western Share Capital. AND WHEREAS under the powers conferred by an Act of the Provincial Legislature of Canada passed in the 16th year of Her Majesty Chapter 39 intituled "An Act to empower any Railway Company whose Railway forms part of the Main Trunk Line of Railway throughout this Province to unite with any other such Company or to purchase the property and rights of any such Company and to repeal certain Acts therein mentioned incorporating Railway Companies" and by another Act of the same year Chapter 76 intituled "An Act to extend the provisions of the Railway Companies Union Act to Companies whose Railways intersect the Main Trunk Line or touch places which the said Line also touches" and the Acts amending or extending those two Acts and under all other Acts and powers enabling them the Directors of the Trunk Company have agreed with the Directors of the Western Company that the Companies they respectively represent shall be united as one Company upon the terms and subject to the provisions hereinafter contained. NOW THESE PRESENTS WITNESS that each of them the Trunk Company and the Western Company pursuant to the powers conferred on them by the two last-mentioned Acts of the 16th year of Her Majesty or otherwise howsoever do hereby agree with the other of them and do declare in manner following that is to say—

1. On and after the 12th day of August 1882 (which day is in these presents called the date of Union) the Trunk Company and the Western Company shall be and become united as one Company and one Corporation.

2. In accordance with the direction for this purpose contained in the before-mentioned Act of the 16th year of Her Majesty Chapter 76 the corporate name of the Company (in these presents called the United Company) formed by the union of the Trunk Company and the Western Company shall be "The Grand Trunk Railway Company of Canada."

3. The United Company shall be invested with and have all the rights and property and be responsible for all the liabilities of the Trunk Company and the Western Company and any right or claim which could be enforced by or against either of them may on and after the date of Union be enforced by or against the United Company.

4. The Borrowed Capital existing at the date of Union of the Undertaking of the United Company in these presents called the United Undertaking shall consist of the Grand Trunk Borrowed Capital and the Great Western Borrowed Capital respectively mentioned in the first parts of the two Schedules hereto.

5. This Agreement is subject to the proviso contained in the Fourth Section of the said Act of the 16th year of Her Majesty Chapter 39 which is in the words following that is to say "Provided always that the rights of the Province or of Her Majesty on behalf of this Province under any guarantee given to any such Company or otherwise or of any person or party having any special hypothec or privileged claim upon the lands and buildings tolls revenues or other property real or personal of either of such Companies or upon any part thereof shall not be impaired by such Union and the Company shall keep separate accounts with respect to each Railway so as to ascertain the property or moneys upon which any such hypothec or privilege may attach."

6. Subject and without prejudice to the rights reserved by the provision quoted in the last preceding Clause of these presents the earnings of the United Undertaking shall be liable and applicable to discharge rateably and without priority all debts and liabilities of the Trunk Company and the Western Company.

7. The Share Capital of the United Company shall consist of two classes namely the Grand Trunk Share Capital mentioned in the second part of the First Schedule hereto being the whole

Share Capital of the Trunk Company and the Great Western Share Capital mentioned in the second part of the Second Schedule hereto being the whole Share Capital of the Western Company which two classes of Capital shall together constitute the total Share Capital of the United Company as existing at the date of Union.

8. Any issue of Share Capital which could immediately before the date of Union be made by the Trunk Company or the Western Company may from time to time be made by the United Company under the powers conferred by the Acts relating to the Trunk Company or the Western Company as the case may be or otherwise and having regard to the terms of these presents and all increase of Share Capital so made shall be apportioned as follows namely 70 per cent. of such increase shall be apportioned and added to Grand Trunk Share Capital and 30 per cent. of such increase shall be apportioned and added to Great Western Share Capital but such increase shall not be made so as to raise either the Trunk Share Capital or the Western Share Capital to an amount in excess of that to which each could have been raised if these presents had not been made. Provided that no powers shall be exercised by the United Company to create and issue Share Capital in lieu of borrowing powers under the 11th Section of "The Great Western Railway Act 1876" or as amended by the 5th Section of "The Great Western Railway Act 1882" unless consent shall be given thereto by the vote of three-fourths of the holders of Great Western Share Capital carrying a Dividend at the rate of 3 per cent. as hereinafter mentioned present in person or by proxy at any Special General Meeting of the holders of such Share Capital called for the purpose but if such consent be given 70 per cent. shall be apportioned and added to Grand Trunk Share Capital and 30 per cent. shall be apportioned and added to Great Western Share Capital.

9. The number of Directors of the United Company shall be fourteen.

10. The number of Directors may at any time be increased or reduced by the shareholders in Special General Meeting.

11. One-third in number as near as may be of the Directors of the United Company shall each be the holder of at least £2,000 of the Great Western Share Capital carrying a dividend at the rate of 3 per cent. as hereinafter provided and each of the other Directors shall be the holder of at least £2,000 of the Grand Trunk Share Capital and any Director who ceases to be a holder of such capital of the Company to that amount shall thereupon also cease to be a Director of the United Company.

12. The first Directors of the United Company shall be Sir Henry Whatley Tyler M.P. Sir Charles Lawrence Young Baronet Lord Claud John Hamilton M.P. Robert Young Robert Gillespie William Unwin Heygate James Charles The Right Hon. David Robert Plunket M.P. The Hon. James Ferrier Viscount Bury Henry Doughty Browne Colonel Edward Chaplin John Marnham and Major Alexander George Dickson M.P. and they shall be the Directors until an election of Directors shall be held and made by the persons entitled to vote as hereinafter provided. In case of any vacancy prior to the first election from death or resignation it shall not be filled up so long as there shall be twelve. The first election of Directors shall take place in the month of March 1883 and the election of Directors thereafter shall take place at Meetings of the United Company to be held in the month of March or April in each year as the Directors shall from time to time by bye-laws passed for that purpose direct.

13. Subject to the provision contained in the next clause of these presents holders of Grand Trunk Capital shall continue to have the like power (if any) to vote at all General Meetings of the United Company on and after the date of Union as holders of similar Capital in the Trunk Company have at the date of these presents to vote at Meetings of that Company and holders of

Great Western Capital shall continue to have the like power (if any) to vote at all General Meetings of the United Company on and after the date of Union as holders of similar capital in the Western Company have at the date of these presents to vote at Meetings of that Company.

14. Holders of Grand Trunk Capital entitled to vote at Meetings of the United Company as in the last preceding Clause mentioned shall have the same number of votes respectively as they have in the Trunk Company at the date of these presents. Holders of that portion of the Great Western Share Capital carrying a dividend at the rate of 3 per cent. as hereinafter provided shall respectively have one vote for every £13 nominal of such Capital held by them until £6,000,000 (including the amount already issued) of Grand Trunk Debenture Stock has been issued and thereafter one vote for every £10 nominal of such Great Western Share Capital.

15. The Directors of the Trunk Company and the Directors of the Western Company shall go out of office on the day before the date of Union and the Directors of the United Company shall come into office and undertake the direction and control of the affairs of that Company on the day of the date of Union.

16. The quorum of the Directors of the United Company shall be from time to time fixed by the Directors.

17. Any Director not in Great Britain may vote by proxy at any Board Meeting but the proxy shall be appointed in writing and shall himself be a Director and a Director shall not act as proxy for more than two other Directors.

18. Of the Directors of the United Company first elected by the shareholders one-third as nearly as may be to be determined by ballot among the whole body of Directors unless they shall otherwise agree shall go out of office at the Ordinary General Meeting held in the month of March or April in the year 1884 and the like number to be determined by ballot among the other Directors unless they shall otherwise agree shall go out of office at the Ordinary

General Meeting held in the month of March or April in the year 1885 and the remainder of the Directors first elected shall go out of office at the Ordinary General Meeting in the month of March or April in the year 1886 and in each instance the places of the retiring Directors shall be supplied by an equal number of qualified holders of Capital of the United Company and at the first Ordinary General Meeting held in the year next after the whole of the Directors first elected shall have gone out of office and in each succeeding year one-third of the Directors being those who have been longest in office shall go out of office and their places shall be supplied in like manner but every Director going out of office may be re-elected and after re-election shall with reference to going out by rotation be considered as a new Director and in case at any time the number of Directors should not be divisible by three the Directors shall determine what number as nearly equal as may be are to go out of office so that the whole number of Directors shall go out of office every three years but in case at any Meeting the vacancies then occurring in the office of Director shall not be filled up the outgoing Directors if willing to act shall be deemed re-elected and shall continue in office.

19. The first Ordinary General Meeting of the holders of Capital in the United Company entitled to vote at such Meeting shall be held at such time in the month of March in the year 1883 and at such place in London England as the Directors may appoint. General Meetings of the United Company whether Ordinary or Special shall be held in London England and two Ordinary General Meetings of the Company shall be held one in March or April and the other in September or October in each year unless the Directors shall by bye-law appoint any other months and at the first of such two Meetings in every year the election of Directors and Auditors shall take place. Advertisements of each General Meeting shall be published once at least in each of two London daily morning newspapers and once at least in the "Canada Gazette" not less than twenty-one days before the holding of the Meeting and such advertisements shall be sufficient without further or other notice.

20. At the first Ordinary General Meeting of the United Company two Auditors resident in Canada and two Auditors resident in England shall be appointed one of which Auditors in Canada and one of which Auditors in England to be determined in the first instance by ballot between the Canadian and English Auditors respectively unless they agree among themselves and afterwards by seniority of election shall go out of office at each subsequent General Meeting at which Directors go out of office and at such Meeting Auditors shall be elected to supply the place of the Auditors retiring and any Auditor going out of office may be re-elected and after re-election shall in reference to outgoing be deemed newly elected and if no Auditors be elected the outgoing Auditors shall continue in office and be deemed re-elected. On or immediately after the date of Union the Board of Directors of the United Company shall appoint two Auditors resident in Canada and two Auditors resident in England who shall hold their office until the first Ordinary General Meeting of the United Company.

21. The Auditors shall examine and report upon the Accounts of the Company and shall have all necessary powers and facilities for that purpose.

22. The net earnings of the United Undertaking shall mean the surplus of the earnings of that undertaking and of the revenues of the United Company from all sources after discharging the working expenses thereof and working expenses shall mean and include all expenses of maintenance and renewal of the Railways and of the stations buildings ferries works and conveniences belonging thereto and of the rolling and other stock and moveable plant used in the working thereof and also interest on Borrowed Capital and all such rents percentages of receipts interest guaranteed or annual sums as may be paid in respect of Railways warehouses wharves or other property leased to or held by the Trunk Company or the Western Company at the date of Union or to or by the United Company thereafter and also all moneys payable

by way of rebate or otherwise under traffic or working arrangements between the Trunk Company or the Western Company or the United Company and any other Corporation or person or in respect of the hire of engines carriages or wagons let to the separate Companies before the Union or to the United Company sums payable in the adjustment of the pooling or division of traffics rent-charges or interest on lands rented by or otherwise belonging to the United Company or purchased but not paid for and also all expenses of and incident to working the Railways and the traffic thereon including stores and consumable articles also rates taxes insurance and compensation for accidents or losses also all salaries and wages of persons employed in and about the working of the Railways and traffic contributions to superannuation or other like funds and all secretarial and establishment expenses including Directors' fees salaries of Commissioners agency legal and other like expenses and generally all such charges (if any) not above otherwise specified (and no other) as in the case of English Railway Companies are usually carried to the debit of Revenue as distinguished from Capital Account Provided however that nothing herein contained shall give to the Proprietors or Mortgagees or Bondholders of any Railway warehouse wharf or other property leased to or held by the separate Companies at the date of Union or leased to or held by the United Company thereafter any further or other rights against the United Company its property or earnings than they have under the Lease Mortgage Bond Agreement or Guarantee upon which their rights are based Provided that money paid under a guarantee shall if and when repaid be applied as nearly as may be in the same manner as it would have been applied if no payment thereof under the guarantee had been made Provided always that the sums equal to twenty per cent. of the traffic interchanged between the Wellington Grey and Bruce Railway and the Western Company as defined in the Agreements between the Wellington Grey and Bruce Railway Company and the Western Company which by the said Agreements the Western Company became bound to apply in acquiring

the Mortgage Bonds of the Wellington Grey and Bruce Railway Company shall on and from the date of Union be applied by the United Company as an investment by the United Company in the Wellington Grey and Bruce Railway Company's said Bonds to be reimbursed by re-sale of the Bonds thus acquired and that such sums are not to be charged upon the revenue or earnings of the United Company or any part thereof but profit or loss on re-sale shall be credited to or charged against revenue and a similar course shall be pursued in any other similar case whether as regards the Undertaking of the Trunk Company or the Western Company.

23. The net earnings of the United Undertaking shall be divided between the two classes of Share Capital as follows that is to say :—

- (A) Seventy per cent. of such net earnings shall be appropriated and belong to Grand Trunk Share Capital.
- (B) The remaining thirty per cent. of such net earnings shall be appropriated and belong to Great Western Share Capital.
- (C) But if in any year ending on the 31st day of December the thirty per cent. of net earnings appropriated to Great Western Share Capital should be insufficient to pay a Dividend for that year at the rate of five per cent. per annum on the portion of that Capital carrying a Preference Dividend at that rate and also a Dividend for that year at the rate of three per cent. per annum on the remaining portion of that Capital then the amount required to make up the full amount for that year of such Dividends at five per cent. and three per cent. respectively shall be paid and made good out of the seventy per cent. of net earnings appropriated for that year to Grand Trunk Share Capital but not out of the seventy per cent. of net earnings so appropriated for any subsequent year except

that if the entire net earnings of any year shall be insufficient to pay the said Dividend at five per cent. (which is and is to remain a cumulative Dividend) the deficiency is to be a first charge payable out of net earnings in subsequent years.

- (d) Nevertheless no higher Dividend than such Dividend at the rate of three per cent. shall in any year subsequent to a deficiency be paid on the portion of Great Western Share Capital carrying that rate of Dividend unless and until all sums which shall for the time being have been paid out of the seventy per cent. appropriated to Grand Trunk Share Capital for the purpose of making good deficiency of Dividend on Great Western Share Capital shall have been repaid to Grand Trunk Share Capital out of the surplus (if any) of the thirty per cent. appropriated to Great Western Share Capital and remaining after discharging the Dividends at five per cent. and three per cent. respectively on the several portions of that Capital.
- (e) The same principle as to division of net earnings shall be applied as nearly as can be to the portion of a year commencing on the date of Union and ending on the 31st day of December 1882.
- (f) Out of items standing at credit in the books of the Western Company derived from revenues including funds in reserve the Western Company shall set apart and the United Company shall pay so much money as may be necessary to pay the Preference Dividend at the rate of five per cent. per annum to the date of Union upon so much of the Western Company's Share Capital as carries that rate of dividend.
- (g) Provided however that when and so often as there shall be any deficiency in the said three per cent. Dividend

owing to the insufficiency of the said thirty per cent. appropriated to Great Western Share Capital as aforesaid in any year to provide the same for such year the United Company shall be entitled to apply and shall apply so much as may be necessary to make good such deficiency out of the amount which may stand from time to time to the credit of the present Reserve Funds of the Western Company which are to be kept in reserve by the United Company as an additional security for the regular payment of such three per cent. Dividends and as a protection to the said seventy per cent. appropriated to Grand Trunk Share Capital as aforesaid against its obligation aforesaid to make good any such deficiency but the United Company shall not be bound to set aside any particular investment or funds to represent the said Reserve Funds.

- (H) If for any half-year ending on the 30th day of June a dividend has been paid to any class of Stock or Share Capital which on making up the accounts for the year ending on the 31st day of December following it is found that that class of Stock or Share Capital is not entitled to receive then the excess shall be adjusted and repaid in the accounts of that 31st day of December if the same can be done and if not then in the accounts of the following or any subsequent year.

24. Subject as in this Agreement provided the seventy per cent. of net earnings of the United Undertaking appropriated to Grand Trunk Share Capital shall be paid and applied to the persons and in the manner to whom and in which the net earnings of the Undertaking of the Trunk Company would have been payable or applicable if these presents had not been made.

25. The thirty per cent. of net earnings of the United Undertaking appropriated to Great Western Share Capital together with any sums paid out of the Great Western Reserve Fund and out of

the seventy per cent. appropriated to Grand Trunk Share Capital to make up deficiency in dividend as in Clause 23 provided shall be paid and applied to the persons and in the manner to whom and in which the net earnings of the Undertaking of the Western Company would have been payable or applicable if these presents had not been made.

26. All the books vouchers and documents of the Grand Trunk Company and the Western Company shall on the day of the date of Union be transferred to and belong to the United Company and the registers of holders of Borrowed Capital and Share Capital of the Trunk Company and the Western Company shall continue to be kept as registers of the United Company with such variations in the Certificates and otherwise as may be ordered by the Directors of the United Company.

27. The Directors of the United Company shall wind up the affairs of the Trunk Company and the Western Company to the date of Union and finally balance the books of those two Companies to that date and all moneys due o standing to the credit of each of those two Companies on the date of Union shall be paid and applied by the Directors of the United Company for the purposes and in the manner to which they would have been payable or applicable if these presents had not been made.

28. All the officers and servants of the Trunk Company and the Western Company shall on and after the date of Union become the officers and servants of the United Company at the salaries or wages and upon the terms at and upon which they were previously employed by the Trunk Company or the Western Company as the case may be.

29. The Directors of the United Company may from time to time make Bye-laws for the management and disposition of the stock property and business affairs of the United Company not

inconsistent with the laws of Canada and the provisions contained either expressly or by reference in these presents and for the appointment of all officers servants and artificers and prescribing their respective duties.

30. All Acts of the Legislature of Upper or Lower Canada or of the Province of Canada or of the Parliament of the Dominion of Canada relating to the Trunk Company or the Western Company except so far as hereby expressly varied and except so far as otherwise provided by the Act of the 16th year of Her Majesty Chapter 39 or by any other Act shall apply and have effect with respect to the United Company in the same manner as if those Acts had originally applied to the United Company but generally except as aforesaid the United Company shall continue to be carried on and managed and all bye-laws rules and regulations shall have effect as if the United Company were the same Company as the Trunk Company and as if the whole Undertaking of the United Company had been originally the Undertaking of the Trunk Company and in case of any conflict between the provisions of the Acts of any Legislature or Parliament relating to the Trunk Company and the Acts of any Legislature or Parliament relating to the Western Company the provisions of the Acts relating to the Trunk Company shall prevail.

31. These presents and the agreement hereir contained are made subject to the provisions of the several Acts of Legislature and Parliament hereinbefore mentioned or referred to and all other Acts of Legislature and Parliament relating to the objects intended to be effected by these presents and also subject to resolutions being passed pursuant to the said Acts by a Special General Meeting of the Trunk Company and also by a Special General Meeting of the Western Company ratifying these presents and in case such resolutions should not be passed before the twelfth day August next these presents shall become void.

32. This Agreement shall be executed in duplicate and when

the same shall have been ratified and become binding on the Trunk Company and the Western Company one of such duplicates shall be delivered to and be retained by the United Company and the other of such duplicates together with copies of the Resolutions ratifying the same passed at the Special General Meetings of the Trunk Company and the Western Company called for the purpose such copies to be certified by the Secretaries of the respective Companies shall be filed in the Office of the Secretary of State for the Dominion of Canada and these presents shall thenceforward be deemed to be the Agreement and Act of Union of the Trunk Company and the Western Company and copies properly certified of these presents and of the certified resolutions so filed shall be evidence of the Union of the Trunk Company and the Western Company into the United Company.

IN WITNESS whereof the Companies parties hereto have affixed their Common Seals the day and year first above written

(Signed) H. W. TYLER,
President.

Seal of the
Grand Trunk
Railway
Company of
Canada.

(Signed) BURY,
President.

Seal of the
Great
Western
Railway
Company.

The First Schedule above referred to.

GRAND TRUNK CAPITAL.

PART I.

(GRAND TRUNK BORROWED CAPITAL.)

Date of Maturity of Terminable Bonds.	Security.	Amount.	Annual Charge.
		£	£
	Five per cent. Perpetual Debenture Stock	4,270,575	213,529
	Terminable Bonds.....		
15th Oct., 1882 ..	First Equipment Mortgage Bonds ..	56,300	7,734
15th April, 1883.	First Equipment Mortgage Bonds..	24,200	
15th Oct., 1883 ..	First Equipment Mortgage Bonds..	48,400	
1st Jan., 1919 ..	Second Equipment Mortgage Bonds	496,700	29,802
1st Dec., 1882..	Island Pond Debentures	85,300	5,118
		£4,981,475	£256,183

PART II.

(GRAND TRUNK SHARE CAPITAL.)

	Authorised.	Issued.
	£ s. d.	£ s. d.
First Preference Stock.....	3,218,149 2 2	3,218,149 2 2
Second Preference Stock.....	2,327,794 13 5	2,327,794 13 5
Third Preference Stock	7,168,055 4 6	7,168,055 4 6
Ordinary Stock.....	13,486,797 16 8	13,394,654 16 8

The Second Schedule above referred to.

GREAT WESTERN CAPITAL

PART I.

(GREAT WESTERN BORROWED CAPITAL.)

Date of Maturity of Terminal Bonds.	Security.	Amount.	Annual Charge.
		£	£
	Five per cent. Perpetual Debenture Stock	2,773,900	138,695
1st Oct., 1882 ..	Seven per cent. Bonds of £100 each	78,300	5,481
1st Dec. 1890 ..	Six per cent. Bonds of £100 each ..	991,500	59,490
1st Oct., 1877 ..	Five-and-half per cent. Bonds not yet presented, 3 of £200, 2 of £100, £800	900	Overdue and not carrying interest
1st Oct., 1878 ..	Five-and-half per cent. Bond not yet presented, 1 of £100 .. £100		
	Total Loans and Debenture Stock ..	£3,844,600	£203,666

PART II.

(GREAT WESTERN SHARE CAPITAL.)

	Amount Authorised.			Amount issued.		
	£	s.	d.	£	s.	d.
Five per cent. Preference Stock (the dividend on which is cumulative) }	505,753	17	4	505,753	17	4
Ordinary Shares—						
298,133 Shares of £20. 10s. each }	6,159,273	17	3	6,116,801	16	10
and 247 „ \$100 „ }						
TOTAL	£6,665,027	14	7	£6,622,555	14	2

MEMO.						£	s.	d.
Amount of Ordinary Shares authorised, as above ..	..	..	..	..	..	6,159,273	17	3
Do. do. issued .. .. .	..	..	..	..	..	6,116,801	16	10
DIFFERENCE						£42,472	0	5
Consists of 1,371 Shares unissued at £20. 10s. per share ..						28,105	10	0
Difference of exchange on Shares taken as of £20. 10s. sterling, and their equivalent at \$100 per Share.. ..						14,366	10	5
						£42,472	0	5